

Section 184 Home Loan Program Fact Sheet

What is the Section 184 program? It is a home loan product offered by the Department of Housing and Urban Development that was created specifically for Native Americans and Alaska Natives.

How does the Section 184 program assist homebuyers? The program allows consumers to enter into loan agreements with small down payments (as low as 1.25% for loans under \$50,000), at competitive interest rates, while requiring no monthly mortgage insurance (no PMI).

Why is the Section 184 program currently suspended? At its most basic, the demand for the Section 184 program has exhausted the budgetary resources available to it.

Has the 184 program completely shut down? The program has not shut down and continues to work with over 1600 buyers and lenders that have received loan commitments.

Is this at all related to the so called “Sequester”? This is in no way related to the implementation of the Budget Control Act of 2011 (popularly known as “the Sequester”). It is an unfortunate coincidence that the Section 184 program exhausted its resources at the same time the Sequester was being implemented.

When will the Section 184 program begin operations again? The Section 184 program expects to receive additional funding once Congress passes a new Continuing Resolution to cover the remainder of the federal fiscal year or a full-year appropriations bill.

What options are available to potential homebuyers, while the Section 184 program is suspended? The Section 184 program is one of many government loan programs designed to assist people in becoming homeowners. Other government subsidized loan products include the FHA loan program, the VA loan program, and the USDA Rural Development loan program. Potential homebuyers should get in contact with their lenders to explore these and other available options.

How does the Section 184 program get its budgetary resources? The program is currently funded by a \$6 million appropriation from Congress as well as the funds received from the 1% guarantee fee that borrowers pay when a loan closes. This money is then taken and plugged into a funding formula to determine how much lending the Section 184 program can guarantee in any given year.

Was HUD aware that the Section 184 program was running out of money? On February 27, 2013 an error was discovered with the credit subsidy rate used to determine how much lending the Section 184 program can guarantee. Upon discovery of this fact, it became clear that the Section 184 program had exhausted its budgetary resources available to the program under the current Continuing Resolution, which ends March 27, 2013.

Were any resources of the Section 184 program taken and given to another HUD program? No funds that were dedicated to the Section 184 program have been diverted to any other HUD supported program.